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ON PAGE 3A

WASHINGTON TIMES
24 JUNE 1982

Spies out in the light for Reagan bill-signing

BY A WASHINGTON TIMES STAFF WRITER

President Reagan was able to slip into the grounds of the Central Intelligence Agency by helicopter yesterday and sign a bill designed to protect the identity of its extremely secret agents.

The visit gave Reagan and a few members of the press a rare opportunity to observe carefully the campus-like atmosphere of the agency as well as actually see thousands of spies sitting on a hillside, their features sharply delineated in a bright, morning sun.

Normally, spies only appear at Washington cocktail parties in subdued lighting.

They were gathered in the sun in a natural amphitheater to hear the president and watch him sign the bill into law. The legislation provides a \$50,000 fine and a 10-year prison term for government employees who have had authorized access to the names of covert agents and then divulge them. For those outside of government — scholars and reporters included — conviction could bring a \$15,000 fine and a four-year sentence.

The measure makes it a crime to disclose the name of a covert agent even if the information is obtained from public records.

The agency is located somewhere above the Potomac River on a road which leads, eventually, to Mount Vernon.

Visitors yesterday noted a number of dying trees in the parking lots, a barbed wire fence,

the Army Band in concert before noon and a remarkable resemblance between CIA employees and those who labor in the Commerce Department downtown.

The president spoke in secret to agency officials inside the headquarters building — wherever that might be — and then burst out from the cold and made a speech.

He was received enthusiastically — spies can melt into a crowd by applauding with everyone else — and he said he was speaking to heroes.

"These men and women," Reagan said, "these heroes of a grim twilight struggle are those of you who serve here in the Central Intelligence Agency."

"We are grateful to you," he said at another point. "We thank you. We are proud of you."

The president said enactment of the Intelligence Identities Protection Act is "clear evidence of the value this nation places on its intelligence agencies and their personnel. It is a vote of confidence."

Reagan warned that the era ahead is "fraught with danger." He told the spies: "History shows that it is precisely when totalitarian regimes begin to decay from within, it is precisely when they feel the first stirrings of domestic unrest that they seek to reassure their own people of their vast and unchallengeable power through imperialistic

CONTINUED

STAT

Reagan's Traveling Spy Story



The New York Times/Torres Zabala

President Reagan regaling William J. Casey, Director of Central Intelligence, with a spy joke.

President Reagan in remarks at a bill-signing ceremony at the Central Intelligence Agency, Langley, Va. White House transcript. June 23, 1982.

The story is that there was an agent overseas and happened to be in Ireland and there was an emergency and it was necessary to contact him immediately. So they called in another agent and they said, "Now, you'll go there. His name is Murphy and your recognition will be to say, 'Tis a fair day but it'll be lovelier this evening.'"

So he went to Ireland and — a little town in Ireland, into the pub, elbowed himself up to the bar, ordered a

drink and then said to the bartender, "How would I get in touch with Murphy?"

And the bartender says, "Well, if it's Murphy the farmer you want, it's two miles down the road and it's the farm on the left." He said, "If it's Murphy the bootmaker, he's on the second floor of the building across the street. And," he says, "my name is Murphy."

So he picked up the drink and he said, "Well, 'tis a fair day, but it'll be lovelier this evening."

"Oh," he said, "it's Murphy the spy you want."

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THE WASHINGTON POST
24 June 1982

President Signs Bill Making Disclosure Of Agents a Crime

By Herbert H. Denton
Washington Post Staff Writer

In a festive outdoor ceremony at CIA headquarters in McLean yesterday, President Reagan signed into law a bill making it a crime to disclose the names of U.S. intelligence agents, even if the information is obtained from public records.

Reagan said the law would send a "signal to the world that while we and this democratic nation remain tolerant and flexible, we also retain our good sense and our resolve to protect our own security."

Hundreds of CIA analysts, secretaries and other personnel gathered on a grassy hill to hear Reagan.

While they waited, the U.S. Army Band filled the air with patriotic songs, and CIA employees served punch to the press, giving the event at the normally closed and secretive compound something of the feel of a Fourth of July picnic.

Reagan lauded controversial CIA Director William J. Casey, whom he referred to affectionately as "Director Bill," and he praised the employees, calling them "heroes of a grim twilight struggle."

"You are the tripwire across which the forces of repression and tyranny must stumble in the quest for global domination," he said.

Covert agents stayed in the "twilight" yesterday because of concern that they might be caught by the television cameras.

Before the bill-signing ceremony, Reagan spoke at a closed session to a number of them—precisely how

that the room where Reagan spoke holds about 1,000 and it was full.

The new law was prompted by the practices of former agent Philip Agee and publications such as the Covert Action Information Bulletin, which regularly published the names of CIA officers stationed overseas with the avowed aim of destroying their effectiveness.

The law, called the Intelligence Identities Protection Act, imposes maximum penalties of 10 years in prison and fines of \$50,000 for unauthorized disclosure by government employees with access to classified information.

Private citizens, such as journalists and scholars, could be sentenced to three years in prison and fined \$15,000 if they "name names" in the course of a "pattern of activities intended to identify and expose covert agents" and if they have "reason to believe that such activities would impair or impede the foreign intelligence activities of the United States."

Reagan said the measure was necessary to help rebuild the CIA—after "nearly a decade of neglect and sometimes overzealous criticism"—in order for the nation to meet the "grave challenges" of an era "fraught with danger."

The American Civil Liberties Union has criticized the law as a "clearly unconstitutional infringement on the right of free speech."

Morton H. Halperin, director of ACLU's Center for National Security Studies, said the organization would provide legal assistance to "those whose ability to speak or write is threatened by this legislation or effort to enforce it by the Justice

New CIA Choice Alarms Intelligence Pros

STAT

Intelligence professionals have been stunned by the latest proposed high-level CIA appointment: Dan Childs, the chief budget examiner of the Senate Intelligence Committee. Childs is soon expected to be named CIA Comptroller where he will have a major impact on how the agency spends its money.

What especially concerns these professionals about Childs is that he is considered a protege of William Miller, who, with major assists from the Institute for Policy Studies and the ACLU, created the Church Committee which proceeded to dismantle U.S. intelligence capabilities. Miller was staff director of the committee during the dismantling process.

When the Church panel evolved into the Senate Select Committee on Intelligence, with Miller still serving as staff director, Childs came aboard to help Miller shift much of the CIA's resources from human intelligence collection and covert action to expensive technical collection gear. Though the CIA needed a careful mixture of both kinds of intelligence gathering techniques, the effect of the Miller-Childs policy was to drastically inhibit the agency's human intelligence collection capacity and its covert operational capabilities. It is an intelligence truism that technical collection can only tell you what the enemy has, while, through the human collection of intelligence, you can learn what the enemy plans to do with what he has.

Miller was awarded a medal by the Carter Administration in its closing hours for his support of the purging of the CIA's clandestine operatives. Now, the Reagan Administration, which came into power promising to restore our intelligence capabilities, is interested in promoting one of the key players who helped destroy those capabilities.

Intelligence officers, who were cheered by the appointment of an experienced intelligence professional, John McMahon, as the Deputy Director of Central Intelligence, believe that the Childs selection is another piece of evidence that CIA chief William Casey still does not wholly control his agency. Too much reliance, they say, is placed on people like Childs, with many more like him waiting in the wings to fill important CIA slots.

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ON PAGE B-6

NEW YORK TIMES
18 JUNE 1982

WASHINGTON TALK

STAT

Briefing

Assignment for Inman

Bobby R. Inman, who left his post as Deputy Director of Central Intelligence last week partly because of policy differences with the Reagan Administration, has agreed to serve as a part-time consultant to the Democratic-controlled House Select Committee on Intelligence.

Mr. Inman, who is widely respected on Capitol Hill by conservatives and liberals of both parties, accepted the offer from the committee chairman, Edward P. Boland, Democrat of Massachusetts.

The agreement with Mr. Inman, a retired Navy admiral with an intimate knowledge of the C.I.A., is likely to cause some discomfort in the intelligence community.

"I hope this doesn't appear as a slap at Casey," Mr. Boland said in a reference to William J. Casey, the director of the agency. "It's not intended as such. The committee is fortunate to gain Mr. Inman's services and advice. He knows as much about intelligence as anyone alive."

Phil Gailey

Warren Weaver Jr.

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ON PAGE A3

THE WASHINGTON TIMES
14 June 1982

Working in the White House — a journalist's account

Jeremiah O'Leary worked for The Washington Star for 44 years. In that time he was a police reporter, rewrite man, foreign correspondent, political reporter and White House correspondent. His father had worked at the Star before him and his son became the third generation of O'Learys on The Star staff.

In this article (his first for The Times) and another that will appear tomorrow, O'Leary reflects on his brief absence from the field of journalism and his reasons for returning.

By Jeremiah O'Leary
WASHINGTON TIMES STAFF

Journalists are forever leaving the news business to sell their skills to the federal government as press officers or publicists, but it is rare indeed that one of them manages to make it safely back over the wall.

Only a handful of recidivists come to mind who, unable to tolerate the bureaucratic life, manage to return to fourth estate. My colleague at The Times, Clark Mollenhoff, is one. Jerry Ter Horst, the skilled Detroit newsman, was President Ford's press secretary barely long enough to find the coffee mess before learning his addiction to pure truth was overwhelming. John Scali of ABC was once U.S. ambassador to the United Nations.

I am another. In the space of less than a year, I mourned the death of The Washington Star after 44 years on its staff. I accepted the post of special assistant to Judge William P. Clark when he was deputy secretary of state.

There was nothing political in this decision. I belong to no political party and was never able to vote until I was 35 by reason of my residence in the District of Columbia. Every four years, now, I tend to vote against whoever is the incumbent president.

I moved with Clark on January 4 when he took the place of Richard V. Allen as national security adviser to the President, and I was phasing in as an assistant to White House Communications chief David Gergen when The Washington Times offered me the chance to escape the looking-glass world of the bureaucracy.

As the new White House correspondent for The Times, I am moving less than 100 yards from the inner-sanctum of the White House back to the press room that I left last August. I feel like the Count of Monte Cristo swimming away from the Chateau d'If. I am the last man off Wake Island. I am Jean Valjean freed from the galley chains at Toulon. I have made it across the Berlin Wall from the

While on the federal payroll, I was amazed by the number of veteran White House reporters who asked me in all sincerity, "What's it really like on the other side?" The wall between the press and the White House apparatus it covers is like a force field. For some years, I was only a mashie shot from the Oval Office and knew as much of what the administration was doing as if I had been in Upper Volta.

I underwent a metamorphosis in government from zeal to odium for the bureaucracy. It is not just the bureaucracy of the Reagan administration. It would have been the same with any administration of either party.

To be sure, I encountered people at the State Department and the White House who were pleasant, unimpressed with themselves, honorable and likable. But I also encountered a full complement of Uriah Heeps, turf-defenders, power-grabbers, nit-pickers, liars and at least two people who were outright fascists, perhaps without even knowing it.

Before Clark took me to the NSC, old bureaucratic hands advised me to stake out my place in the pecking order, establish my territory and fix in concrete my prerogatives, otherwise known as "perks." It would be impossible to overemphasize the "perk factor" as a measure of one's importance.

In my first week, I learned that no one in the White House comes forward with an offer of an office, a secretary, a White House I.D. card or one of the coveted parking spaces on State Street, West Executive Avenue or the Ellipse. Only the efforts of an old Marine friend in the NSC personnel office obtained these treasures for me in record time. So far, so good.

The name of the game is access — access to the real movers and shakers, access to the truly important meetings and access to the flood of classified documents that pours into the NSC from CIA, NSA, State and other agencies.

Knowledge and access are the keys to importance at 1600 Pennsylvania Avenue, especially in the small NSC, newly important because of Judge Clark's intimate friendship with President Reagan.

STAT

No Red Ink for Reagan's Aides

More 1981 financial-disclosure reports filed in late May and early June dramatized the gulf between what many of Ronald Reagan's aides earned in private life and their government salaries. The statements showed—

Malcolm Baldrige. With 1.52 million dollars in independent earnings, the Commerce Secretary reported more outside income than any other official. Nearly 1.3 million was in "incentive and severance pay" from Scovill, Inc., a manufacturing firm he had headed. Baldrige's assets exceeded 2 million dollars against debts of \$680,000.



Baldrige: Top outside income.

Donald Regan. The Treasury Secretary reported \$746,227 in outside income—\$441,000 from Merrill Lynch, the brokerage firm he headed before joining Reagan's team. Assets exceeded 1 million dollars, against liabilities of \$115,000.

Terrel Bell. The Education Secretary's \$83,649 in outside earnings came mostly from interest on real-estate contracts. Assets of \$405,000 included a sod business in Utah. Liabilities of \$330,000 were on real-estate contracts.

Drew Lewis. The Transportation Secretary's outside income of at least \$872,822 included \$130,000 in trustee fees paid by the Reading Company, a bankrupt rail concern, before he joined

the cabinet. Assets of 1.8 million dollars do not include trust funds, to which his wife is a partial beneficiary, worth nearly 5 million.

William Casey. The CIA director showed \$394,000 in outside income, including \$243,700 in capital gains from sale of stocks, \$87,700 from dividends and interest, \$15,500 for running the Reagan-Bush campaign committee and \$8,000 from his New York law firm. Assets were set at a minimum of 3.3 million and debts at \$315,000.

James Baker. The White House chief of staff reported assets of 1.1 million dollars and no liabilities. Outside income of \$139,188 included \$109,888 from his Houston law firm.

Edwin Meese. The presidential counselor listed assets of at least \$72,500 and debts of \$30,000. Outside income totaled \$2,200, mostly from interest and dividends.

Michael Deaver. The White House deputy chief of staff, who plans to leave next year to earn more money, had outside income of \$50,016, assets of \$354,000—mostly real estate in Sacramento—and liabilities of \$80,000.

William Clark. Reagan's national-security adviser showed assets of \$147,000—mostly real estate—and no debts. Outside income of \$40,000 came mainly from rental properties and a cattle-and-grain ranch in California.

The federal salary of cabinet member is \$69,630. The White House aides and Casey each make \$60,663. □

RICHMOND TIMES-DISPATCH (VA)

13 June 1982

CIA reassures lead Baptist board



Religion Today

Compiled by Ed Briggs
Times-Dispatch Religion Writer
From Wire Dispatches and Other Sources

STAT

Central Intelligence Agency administrators say they will take corrective action if anyone presents hard evidence that CIA agents are posing as missionaries or involving missionaries in intelligence-gathering work.

CIA Director William Casey met last week with officials of the Richmond-based Southern Baptist Foreign Mission Board to discuss the agency's position on missionary involvement. The board is the largest evangelical missionary organization in the world.

Casey affirmed to the board's president, Dr. R. Keith Parks, and its executive vice president, Dr. William R. O'Brien, the CIA's position that to involve missionaries in intelligence activities violates the First Amendment regarding separation of church and state.

An interested party to the discussions is Vice President George Bush, who was CIA director for 18 months during the Ford administration. He is expected to deal with the issue during a New Orleans news conference slated for today, two days before the opening of the annual Southern Baptist Convention.

During the 30-minute meeting with Casey and the CIA director of external affairs, William Doswell, Dr. Parks said he told them that any CIA use of missionaries "jeopardizes not only the work of missionaries, but has the potential of putting them in a dangerous situation and even jeopardizes their lives as well as their being able to stay and work in various countries."

Dr. Parks said Doswell told him that if anyone could present hard evidence that missionaries are being used as agents or that agents were posing as missionaries, the agency would take action.

In a phone conversation with Baptist Press, Doswell's deputy, Lavon Strong, supported Doswell's statement and added that evidence could be presented to Casey or the president's intelligence oversight board, an independent group set up to watch for misbehavior in intelligence activities.

Dr. Parks requested the meeting because of the board's concern over "persistent rumors of contact" by CIA agents with missionaries. Dr. Parks said the mission board has no knowledge of any Southern Baptist missionary involved in CIA

activity, but the concern over the image of all evangelical missionaries, including those in other denominations, prompted the request for the meeting.

Since late 1975 when President Ford acknowledged that the CIA had used missionaries in the past and may again, the Foreign Mission Board has urged legislation to prohibit missionary involvement in intelligence activities.

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TV GUIDE
12 June 1982

WHY AMERICAN IS SO VULNERABLE TO FOREIGN PROPAGANDA

Hungry for big scoops—and
bigger ratings—the networks are natural
targets for planted
stories and false rumors

By John Weisman

"I believe," says CBS anchorman Dan Rather, "that you have to go at every story with skepticism. But certainly, when you're working on a story that brushes on intelligence, you ought to turn your skeptical meter up very high."

Does television news turn its skeptical meter up high enough when it covers intelligence stories? Do correspondents and anchors take enough time in the reporting of intelligence-sourced pieces to explain that they are not black and white but "gray" stories that could contain misinformation and untruth? Finally, are American networks and viewers prime targets of Soviet disinformation, the covert program to destabilize public opinion in the West, which is controlled by the KGB?

The last of these questions may be the easiest to answer. According to Arkady Shevchenko, the highest-ranking Soviet diplomat ever to defect to the United States, American viewers and networks are prime targets of the KGB's disinformation program. "To get on American television—that is one of the highest priorities on the KGB agenda," Shevchenko claims.

What exactly is disinformation? Harry Rositzke, a former CIA station chief and Soviet expert, calls it

quite masterful. They plant a story—totally fictitious—in a leftist paper in, say, Bombay. Then it gets picked up by a Communist journal in Rio. Then in Rome. Then Tass, the Soviet news agency, lifts it from the Rome paper and runs it as a 'sources say' news item. And soon the non-Communist press starts to pick up on it, using terms such as, 'It is alleged that. . . .' And thus an absolute lie gets into general circulation."

What sorts of lies have received such coverage? One Foreign Service officer with extensive experience behind the Iron Curtain recalls, "In Belgrade, the rumor that the assassination of [former Italian Premier] Aldo Moro was a CIA job was floated by Soviet intelligence sources and treated by the Yugoslavian press as a hard story."

Another KGB fabrication was floated in Pakistan, where the rumor that the U.S. was responsible for the takeover of the Grand Mosque in Mecca was one reason for an angry mob of Moslems storming and burning the U.S. Embassy in Islamabad in November 1979.

Closer to home, Sen. Harrison Schmitt (R-N. Mex.), a member of the Senate Select Committee on Intelligence, thinks the Soviets were responsible for a rumor that the

ly," says Schmitt, "they looked at our system closely and realized that there's not much the Government can do to prevent disinformation being aired in a free society."

ABC senior correspondent John Scall, whose own background includes diplomacy as well as journalism (he was a U.N. Ambassador during the Nixon Administration), says: "I think too little has been said in the past about the importance of disinformation and how it is a major intelligence weapon. The Soviets are masters at spreading rumors—I wish we were as good."

Senator Schmitt complains: "Anything that is the least bit credible, which is contrary to Government policy, or to what the Government has been doing, is fertile ground for news media geared toward finding controversy." Reporters have, for example, long used renegade former CIA agent Philip Agee as an unnamed source for stories that embarrass the U.S. Government. It would help, say many U.S. Government officials, if such reports also carried the information that Agee is being supported financially by Cuba's Castro regime.

Most of the KGB's more blatant disinformation ploys, which have in the past included charges

Executive Registry	
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Dear Mr. President,

Yesterday the Senate passed the Identities Act, imposing the first criminal sanctions on flagrant abuses of national security information since the Espionage Act of 1917. There were only four dissenting votes: Mathias and three aspiring presidential candidates, Hart, Biden and Moynihan. Several weeks ago, during final Senate roll call vote on the Bill itself, Moynihan changed his vote three times -- first yes, then no, then yes, and finally no -- clearly in the midst of an epic struggle for his soul between himself and The New York Times.

The Intelligence Community has high hopes that you will be willing to pay a visit to Langley to sign the Bill. It would be very important to us because:

- The Act sends signal around the world to allies and liaison services that the Administration is serious about protecting its intelligence officers, agents, and relationships. It will immeasurably help us do our job.
- Your signing the Bill on grounds here will significantly reinforce the message and underline your personal support of the Bill and your intelligence service.
- It should take no more than an hour of your time, any day next week, or possibly a day or two later, if within the ten days after the Bill is received at the White House.
- This public demonstration of Presidential support would be a great morale boost for CIA employees and the whole Intelligence Community.
- It would be an opportunity for you to say something in support of relief from the Freedom of Information Act. I have become convinced that an effective intelligence service will not be able to co-exist for long with the worldwide perception that arises from hostile foreign countries and anyone else having a license to poke into our files.

Respectfully yours,

Bill
William J. Casey

The President
The White House

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THE WASHINGTON POST
10 June 1982

STAT

CIA Confirms Journalists Have Been Used as Agents

United Press International

The CIA used journalists as intelligence agents in jobs ranging from recruiting local sources to suppressing unfavorable news stories to acting as case officers supervising other agents, the agency confirmed yesterday.

The admission marked the first time since the CIA restricted the use of reporters in 1976 that the agency has disclosed the tasks the journalists were asked to perform.

Details were included in a statement the agency submitted to settle a Freedom of Information Act lawsuit filed by a New York Times reporter. The contents of the statement were confirmed by the CIA.

The statement also indicated that

CIA Director William Casey has committed himself to following the policy established six years ago barring the paid use of journalists for secret operations except in extraordinary circumstances, such as "an emergency involving human lives or critical national interests," and then subject to review by congressional oversight panels.

The statement does not identify the journalists used by the CIA and does not say where they worked.

But it said their roles included providing cover or nonattributable material, working on CIA-produced media activities, generating support for U.S. policies and activities, assessing potential sources and helping the CIA suppress a story.

RADIO TV REPORTS, INC

4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20815 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM CNN2 News STATION WMAR TV
CN Network

DATE June 10, 1982 6:20 AM CITY Washington, DC

SUBJECT Vice President at Langley

NEWSCASTER: Vice President George Bush believes there is a need for a strong intelligence community and lawmakers on Capitol Hill apparently believe the same. A bill making it a crime to disclose the names of US intelligence agents has been sent to the desk of President Reagan and his signature is certain.

Andrea Stroud has more.

ANDREA STROUD: A homecoming occurred today and the former CIA Director told his audience that his years at Langley were the happiest of his career.

Bush also referred obliquely to the fighting in the Middle East and the Falklands, saying he was hearing too much of Director William Casey in the past few days during meetings at the White House.

Bush [unintelligible] that the bad days at the CIA were past, the country once again understands the need for a strong intelligence agency.

VICE PRESIDENT GEORGE BUSH: The President's embarked on a major campaign to rebuild the capabilities of the intelligence community. I'm a great believer in the pendulum theory and I believe this country now appreciates -- maybe not understands all the complexities of intelligence -- but truly appreciates the need to have an intelligence capability second to none. And they see this as vital; they see it vital to our own national interest -- our own survival, if you will.

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THE WASHINGTON TIMES
9 June 1982

STAT

President swayed by bad advice on China policy

SMITH HEMPSTONE

Someone — and that someone almost certainly is Secretary of State Alexander Haig — is selling President Ronald Reagan a bill of goods of China policy.

Reagan, for the sake of those who have forgotten — including the president himself — campaigned on a pledge to “carry out in its entirety the provisions of the Taiwan Relations Act.” He asserted that he would support re-establishment of some form of “official government relations” between this country and Taiwan. He vowed that he would “not accept the interference of any foreign power” in the determination of American foreign policy.

President Reagan has done none of these things promised by candidate Reagan. He turned down Taiwan's request to be allowed to buy the FX jet. He has listened patiently while mainland China has complained about the sale of a piddling \$60 million worth of spare parts to Taiwan (as opposed to the \$800 million in military aid granted Taiwan by the “wishywashy” Carter administration).

And it now appears possible he may agree to cut off all military aid to Taiwan by a date certain, probably within the next three or four years.

Haig is not the only high Reagan administration official kowtowing to Peking. Secretary of Defense Caspar Weinberger and CIA Director William Casey also apparently have become mesmerized at the prospect of “playing

the China card” against the Soviet Union.

Some pro-Peking State Department officials — there obviously is not much of a future for a pro-Taiwan sinologist — even go so far as to speak of China as “the Pacific anchor of NATO.”

This is, of course, nonsense.

Certainly China will allow the United States to modernize its armed forces at our expense. Clearly Peking will permit Washington to lend it money and provide technical assistance at concessionary rates. Obviously the Chinese maintain large numbers of troops on their border with the Soviet Union.

But China does these things as a means of obtaining its own objectives, not of furthering ours. Haig can hint until he's blue in the face that Deng Tsiao-peng is a closet capitalist, but China remains a Marxist state. Teddy Kennedy can complain (as he did only last month) about martial law in Taiwan, but China still remains a tyranny.

Part of the problem with our China policy — and, for that matter, with our policies in several other parts of the world — is that Reagan, after 18 months on the job, really doesn't understand foreign policy and, having little confidence in himself, is easily swayed by the last person he talks to. Judge Clark,

his national security advisor, is not much better grounded.

With the departure of James Lilley and Dick Allen from the National Security Council more than six months ago, there has been no one around to make the case that Taiwan, while it is small, is a far more dependable and politically compatible ally than China.

Even when he gets good advice on China policy, Reagan seldom seems to take it these days. Only last month, five former ambassadors to Taiwan — Karl Rankin (1950-58), Everett Drumright (1958-62), Jerauld Wright (1963-65), Walter McConaughy (1965-74) and Leonard Unger (1974-79) — wrote to Reagan urging him not to seek better relations with China at the expense of Taiwan.

Wrote Rankin: “We are under no obligation to please a regime which remains avowed communist, which practically booted out our representatives in 1949, killed and wounded thousands of American soldiers in Korea, and would make a deal with the Russians against us tomorrow, if it suited their convenience.”

Handing over Taiwan to China (the end result of cutting of the arms flow), Drumright wrote, “would really amount to dumping one of the most successful experiments in freedom in East Asia” and amount to “giving up the equivalent of several aircraft carriers.”

These are the voices of diplomats who have spent years in Asia, men who need to punch no tickets because their careers are behind them. The president would do well to listen to them.

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NEW YORK TIMES
9 JUNE 1982

STAT

C.I.A. on Using Journalists

By JUDITH MILLER

Special to The New York Times

WASHINGTON, June 8 — Six years after the Central Intelligence Agency restricted the use of journalists as intelligence agents, the C.I.A. has reluctantly disclosed that journalists were used before the restriction in a variety of roles, ranging from couriers to case officers who secretly supervised other agents.

In a sworn statement submitted by the C.I.A. to settle a lawsuit under the Freedom of Information Act, the agency also indicated that William J. Casey, the Director of Central Intelligence, has quietly committed himself to following the policy on the use of reporters as agents established by his predecessor. The policy bars the paid use of journalists for secret intelligence operations except in extraordinary circumstances such as "an emergency involving human lives or critical national interests."

The new document does not name the journalists used by the agency or their employers, nor does it say in which countries they worked. But it does, for the first time, describe their missions, as follows:

"Some, perhaps a plurality, were simply sources of foreign intelligence; others provided cover or served as a funding mechanism; some provided nonattributable material for use by the C.I.A., collaborated in or worked on C.I.A.-produced



The New York Times

William J. Casey

materials or were used for the placement of C.I.A.-prepared material in the foreign media; others assisted in nonmedia activities by spotting, assessing or recruiting potential sources or by handling other agents, and still others assisted by providing access to individuals of intelligence interest or by generating local support for U.S. policies and activities. Finally, with respect to some of these individuals, the C.I.A. simply provided informational assistance or requested assistance in suppressing a media item such as a news story."

A lawyer for the agency said that the phrase "handling other agents" meant that journalists had on occasion served as case officers, those who direct and support other agents' activities by assigning priorities for intelligence collection, debriefing agents on what they have learned, preparing reports based on this information, arranging logistical support, such as purchasing cameras and other espionage equipment, and paying the agents.

UP046

9 June 1982

R W

CIA

WASHINGTON (UPI) -- THE CIA USED JOURNALISTS AS INTELLIGENCE AGENTS IN SEVERAL JOBS RANGING FROM RECRUITING LOCAL SOURCES TO SUPPRESSING UNFAVORABLE NEWS STORIES TO ACTING AS CASE OFFICERS SUPERVISING OTHER AGENTS, THE AGENCY CONFIRMED WEDNESDAY.

THE ADMISSION MARKED THE FIRST TIME SINCE THE CIA RESTRICTED THE USE OF REPORTERS IN 1976 THAT THE AGENCY HAS DISCLOSED THE TASKS THE JOURNALISTS WERE ASKED TO PERFORM.

DETAILS WERE INCLUDED IN A STATEMENT THE CIA SUBMITTED TO SETTLE A FREEDOM OF INFORMATION ACT LAWSUIT FILED BY A NEW YORK TIMES REPORTER. CONTENTS OF THE STATEMENT WERE CONFIRMED BY THE CIA.

THE STATEMENT ALSO INDICATED CIA DIRECTOR WILLIAM CASEY HAS COMMITTED HIMSELF TO FOLLOWING THE POLICY ESTABLISHED SIX YEARS AGO BARRING THE PAID USE OF JOURNALISTS FOR SECRET OPERATIONS EXCEPT IN EXTRAORDINARY CIRCUMSTANCES, SUCH AS "AN EMERGENCY INVOLVING HUMAN LIVES OR CRITICAL NATIONAL INTERESTS," AND THEN SUBJECT TO REVIEW BY CONGRESSIONAL OVERSIGHT PANELS.

THE STATEMENT DOES NOT IDENTIFY THE JOURNALISTS USED BY THE CIA AND DOES NOT SAY WHERE THEY WORKED, BUT IT SAID OF THEIR ROLES:

"SOME, PERHAPS A PLURALITY, WERE SIMPLY SOURCES OF FOREIGN INTELLIGENCE; OTHERS PROVIDED COVER OR SERVED AS FUNDING MECHANISMS; SOME PROVIDED NON-ATTRIBUTABLE MATERIAL FOR USE BY THE CIA; COLLABORATED IN OR WORKED ON CIA-PRODUCED MEDIA ACTIVITIES OR WERE USED FOR THE PLACEMENT OF CIA-PREPARED MATERIAL IN THE FOREIGN MEDIA; OTHERS ASSISTED IN NON-MEDIA ACTIVITIES BY SPOTTING, ASSESSING OR RECRUITING POTENTIAL SOURCES OR BY HANDLING OTHER AGENTS, AND STILL OTHERS ASSISTED BY PROVIDING ACCESS TO INDIVIDUALS OF INTELLIGENCE INTEREST OR BY GENERATING LOCAL SUPPORT FOR U.S. POLICIES AND ACTIVITIES.

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STAT

Analysis | Jeff Gerth

Private Wealth and Public Service

Special to The New York Times

WASHINGTON, June 7 — The Reagan Administration, more so than any other in recent memory, is dominated by wealthy businessmen and millionaires.

Its six top-ranking members — President Reagan, Vice President Bush, the Secretaries of State, Treasury, Defense and the Attorney General — are all millionaires, according to their own financial disclosure statements. So are other Cabinet level officials and top White House aides.

This concentration of wealth at the top has contributed to an unusual situation in which more than a dozen high-level members of the Administration have been the subject of public questions about their personal financial dealings or about possible conflicts of interest between their official responsibilities and their private holdings.

In some respects the questions reflect the clash between the ethics of the private sector and those applied to public officials.

In the business world the emphasis is on privacy and the bottom line. Senior public officials, on the other hand, must disclose their personal holdings and adhere to a code of ethics that calls for the avoidance of even the appearance of a conflict of interest.

Two Forced Resignations

The Reagan Administration is the first to come into office under the Ethics in Government Act of 1978, which requires top officials to disclose details of their personal finances, aids officials in divesting themselves of assets and limits employment activities after they leave Government service.

Two White House aides, Richard V. Allen, the national security adviser, and Joseph Canzeri, an assistant to Michael K. Deaver, the deputy chief of staff, have resigned in the wake of questions about loans and gifts they received while in office. No charges were brought in either case.

Administration officials acknowledge that continued publicity about the finances of high-level officials represents a potential political problem in that it tends to reinforce the public image of an Administration of the wealthy.

Some officials, such as E. Pendleton James, the White House personnel director, want the 1978 act changed. Mr. James has criticized it for inhibiting the recruitment of business executives for public office. And in an article in Business Week last April, he complained that the act also requires nominees to dispose of prop-

erty that represents, or could represent, a conflict of interest."

But, according to J. Jackson Walter, Director of the Office of Government Ethics, Mr. James's criticism was "wide of the mark" because the act does not, in fact, require divestiture. In addition, Mr. Walter said, laws concerning conflict of interest have been on the books for years.

The debate over the act continues tomorrow at a conference sponsored by the Office of Government Ethics featuring officials from the Reagan and Carter Administrations as well as from the business community.

Many of the statutes and regulations concerning conflicts of interest predate the Watergate scandal that

Activities that seem normal in the business world are subject to a different standard in Government.

drove President Nixon from office. However, the 1978 ethics act, which was enacted partly as a result of Watergate, is the first comprehensive attempt to require disclosure of the personal financial interests of Government officials and to keep those interests separate from official duties.

It set up an Office of Government Ethics that serves as a depository for financial disclosure statements and helps officials avoid conflicts of interest by monitoring activities and aiding in the establishment of blind trusts. But the act gave little direct enforcement power to the office, and the 25-member staff rarely intervenes in individual cases. Much of the enforcement of noncriminal conflict-of-interest questions is sporadic, left up to Congress, to ethics officials in various departments and agencies and to the office holder's own sense of propriety.

Conflict of interest is the most frequently raised ethics issue for officials of the Reagan Administration. Vice President Bush ended his involvement in a tax issue involving drug companies because of his prior involvement with the industry. And

the failure of Assistant Attorney General William F. Baxter to disclose his prior involvement with I.B.M. when dropping antitrust charges against the company has led to an internal Justice Department inquiry.

A large number of Reagan appointees come from the industries they regulate, including those with ties to mining, forestry, trucking, securities, commodities futures, nuclear, drug, banking, oil, cattle and broadcasting industries.

'Ultimate Revolving Door'

For critics, such as Ralph Nader, this movement between the public and private sectors is "the ultimate revolving door" and the evolution of "business regulation of Government."

For Administration officials such as Mr. James, the relationship represents a confluence of interest, resulting in the hiring of the best talent for the job.

Some of the problems that have arisen are unrelated to the official actions of Government employees but stem from disclosures of prior business activities, activities that may seem normal in the business world but that are subject to a different standard in Government.

For example, the investment by Attorney General William French Smith in risky oil and gas tax shelters, used by many businessmen with high incomes, caused an outcry that led to his limiting his tax deductions. The private stock dealings of William J. Casey, the Director of Central Intelligence, led to a Senate investigation and criticism of his finances.

Labor Secretary Raymond J. Donovan is the subject of a long grand jury investigation by a special prosecutor looking into allegations of corruption and dealings with organized crime figures by Mr. Donovan and the New Jersey construction company he headed.

As is often the case with an incoming Administration and a friendly Senate, confirmation hearings sometimes overlook financial matters, as in the case of Mr. Smith. In other cases, however, committees have asked tough questions and extracted pledges related to former clients or personal financial interests.

The Senate Foreign Relations Committee is currently investigating whether James L. Malone, confirmed last year as Assistant Secretary of State for Oceans and International Environment and Scientific Affairs, recused himself from issues involving a former Taiwan client.

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Exempt From Rules Of Ethics?

Like the organization he heads, William Casey, director of the Central Intelligence Agency, does not seem to be bound by the usual rules of governmental ethics. When he became head of the agency, Mr. Casey kept control of his multimillion-dollar stock portfolio instead of putting his holdings in a blind trust, as his two predecessors and most top level government officials had done. Now the public financial statement required of Mr. Casey has revealed that last year he made a profitable sale of more than \$600,000 in oil stock at a time when classified CIA information indicated a forthcoming drop in the value of oil stock.

A CIA spokesman would only say that Mr. Casey had not participated in the decisions to sell. He would not say whether Mr. Casey had seen the then classified CIA data in advance of the sale or had known in advance

of the plan to sell. Ordinary investors did not have the CIA estimate until mid-May of last year, after the sale of Mr. Casey's stock. Although the CIA's taciturnity prevents confirmation of whether Mr. Casey profited from advance knowledge gained through his job, that is the appearance.

This is only the latest example of Mr. Casey's apparent failure to follow the usual rules. Last year the Senate Intelligence Committee reported that the CIA director had omitted numerous items of information in his response to a committee financial disclosure questionnaire. But the committee concluded that Mr. Casey was "not unfit" to remain as director. The Justice Department later cleared him of violating the law. Still, the question remains: Should Mr. Casey be exempt from rules designed to ensure integrity in government?

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An unethical appearance

William Casey asked for it and he got it: the insinuation that he profited from inside government information. Casey, director of the Central Intelligence Agency, sold more than \$600,000 in oil stock last year, thereby making it appear that he dumped the stock because of his secret knowledge of a coming international oil glut.

Maybe it is true, as Casey said, that the decision to sell was made by an independent adviser without Casey's participation. But Casey must have had to OK the sale. Did his access to secret intelligence influence his decision?

That's a fair question. It will arise every time Casey buys or sells stock. It is an unavoidable consequence of Casey's irresponsible decisions to retain \$1.8 million of stock investments when he took office and to continue to play the stock market instead of putting the stock in a blind trust and forgoing further investment.

A government rule obligates

federal employees to avoid any action "which might result in or create the appearance of using public office for private gain." Casey broke the rule when he sold the oil stock. Unbelievably, when the Senate Intelligence Committee recently investigated questions about Casey, it neglected to ask any questions about his vast stockholdings.

Attorney General William French Smith got himself into similar ethical difficulties by making investments in oil and gas drilling and by pocketing a \$50,000 "severance payment" for service on a corporate board of directors. Smith last week said he would return the payment and not take questioned deductions on the drilling venture "to avoid even an inaccurate appearance of impropriety."

The Reagan administration and the Senate Intelligence Committee should demand compliance by Casey with the same standard. Casey should be told either to quit the stock market or quit the CIA.

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Inexperience a Concern

Clark Brings Discipline to Reagan Staff

By ROBERT C. TOTH,
Times Staff Writer

WASHINGTON--Last December, when West German Chancellor Helmut Schmidt unexpectedly telephone President Reagan at the White House to discuss a key foreign policy point, the flustered President sounded as if he didn't know what Schmidt was talking about.

He didn't. That was because an earlier letter from Schmidt, raising the issue and saying the German leader would follow up with a trans-atlantic call, somehow was misplaced in the briefcase of White House counselor Edwin Meese III. So had a sheaf of U.S. briefing papers laying out the issue for the President.

The President sent a letter of apology to Schmidt, personally taking the blame for the confusion.

But embarrassingly sloppy staff work no longer plagues the President in the foreign policy area—thanks to William P. Clark, his new national security adviser. Since he took over in January, Clark's decisive nature and closeness to Reagan have enabled him to impose order and discipline where confusion and interagency bickering once prevailed.

More Deeply Involved

And, since Clark arrived, Reagan has become far more deeply involved in foreign affairs, defense and intelligence issues. In recent months, Administration officials say, he has devoted one-third of his time to national security matters—three times as much attention as he gave them last year. Approved For Release 2005/11/28 : CIA-RDP91-00901R000400110001-4

Serious questions have begun to arise, however, as Clark has moved to reassert traditional White House control over national security affairs or at least dispel the widespread view that the President plays no significant role in the area.

Despite a year's service as deputy secretary of state, the affable, slow-talking former California judge is the least experienced man to hold the national security adviser's post since it was created shortly after World War II.

'President's Intellectual'

Clark's inexperience has caused concern on two counts: Although he is self-assured and increasingly powerful, Clark lacks the detailed familiarity with complex issues that seems necessary to avoid missteps and to become the kind of creative, innovative influence that most of his predecessors have been.

The questions about Clark's lack of experience loom all the larger because the national security adviser has come to be viewed as "the President's intellectual" on foreign affairs, a field in which Reagan is also a relative newcomer.

An example of the problems that inexperience combined with self-assurance can cause occurred soon after Clark took his White House post. Within a month, he approved and promulgated several policy memos prepared by the National Security Council staff on intelligence matters—memos that had been bottled up under Clark's predecessor, Richard V. Allen.

The memos came as an unhappy surprise to the Pentagon and the Central Intelligence Agency. In consternation, CIA leaders appealed at least one of them, and eventually that directive was substantially revised.

As the President moves more and more under Clark's tutelage, some national security specialists fear that the potential for more serious missteps may increase.

Already, Reagan has asserted himself on foreign policy maneuvers without first consulting the State Department, the Pentagon or members of his top White House staff except Clark, one senior Administration official said.

'Have a Meeting'

For example, when the President

last April to announce that he would address the United Nations Disarmament Conference in June, Reagan also expressed hope that Soviet President Leonid I. Brezhnev would do the same and suggested that the two leaders could then "have a meeting."

Reagan refused to call it a "summit," but that appeared to be what was implied.

Neither Secretary of State Alexander M. Haig Jr. nor Defense Secretary Caspar W. Weinberger had been asked in advance for their views on this approach to summitry. Nor did any of the so-called White House troika—Meese, Chief of Staff James A. Baker III or Deputy Chief of Staff Michael K. Deaver—get more than 10 minutes' warning on what the President was going to say, a senior official said.

Unsettling Events

Such events are unsettling to national security specialists, although most Presidents have taken things into their own hands from time to time—and the results have not always been bad.

As former Secretary of State Dean Rusk has noted, Presidents often ignore the formal structures. "The real organization of government at higher echelons is not what you find in textbooks or organization charts," Rusk has written. "It is how confidence flows from the President."

In any case, the problems that have arisen under Clark are considered a small price to pay for the improvements in national security affairs that he is credited with achieving.

After almost six months on the job, Clark's performance is evaluated this way by specialists in and out of government:

—High marks for ending the confusion at the White House under Allen and Meese, through whom Allen reported to the President. Clark has direct access to Reagan, which vastly increases his influence and authority.

—High marks for ending the bickering between the State and Defense departments. Haig and Weinberger now clear foreign trav-

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CAPITAL COMMENT

INSIDE THE WHITE HOUSE

Ed Meese Disappeared, and Then There Were Two

Edwin Meese III, counselor to President Reagan, has become the Hamilton Jordan of today's White House: Nobody knows what he does except stay on the good side of the President.

With William Clark taking over the National Security Council and with the White House office of domestic policy in disarray, Meese is stranded without any significant operational authority. When asked about Meese, White House colleagues invariably say something about his being "free to concentrate on the issues." As White House watchers know, that is the road to oblivion.

When Meese first arrived in Washington, he was warmly greeted by the press. His availability and chubby countenance imparted a sense of trustworthiness and a lack of Machiavellian guile. The *New York Times* said, "He is very much a manager. 'Disciplined' and 'organized' are the adjectives used most often to describe him." The *Christian Science Monitor* reported, "Mr. Meese will, in effect, be 'deputy President.'" TRB in the *New Republic* said of Meese, "You won't see his name so often in the headlines or his comfortable, intelligent, slightly pudgy face on the front page. He is merely general manager of the United States. He gets his authority because he is a detail man. . . ."

During the first year of the Reagan administration, the Big Three—Meese, chief of staff James A. Baker III, and deputy staff chief Michael K. Deaver—worked in harmony. But the White House was then focusing its attention almost exclusively on taxes and the budget.

At the end of 1981 and beginning of 1982, the White House was overrun by events and crises—Libyan hit squads, turmoil in Central and South America, mounting unemployment, growing deficits, controversy over a new voting-rights bill, and debates over defense and nuclear parity.

It became evident that Meese's talents were not in management and organization. Around the White House, Meese's name was referred to as a "bottomless pit" into which papers vanished.



James Baker (standing) and Edwin Meese
Government by Triumvirate Doesn't Work

Meese was instrumental in several major miscalculations: proposing Social Security cutbacks that were withdrawn almost as soon as they were unveiled; allowing the President to sleep while US planes shot down two attacking Libyan warplanes over the Gulf of Sidra; adopting, then reversing a plan to give tax exemptions to segregated private schools. Meese also signed a fund-raising letter on White House stationery on behalf of the conservative Heritage Foundation—an action reeking of ideological politics.

Meanwhile Baker, the smooth, trim-looking Houston lawyer and experienced Washington political hand, came to the forefront as the key figure in devising legislative strategy, administering the White House, and managing media affairs. Today, the Big Three is a shell of what it was, and Meese is the loser.

In building a "troika" system, Reagan adopted an innovative administrative design, certainly worth trying. But now, well into its second year, the trial has run its course. When Reagan declared at a press conference last November that his White House staff was "a very happy group" and that there was "no animus . . . no bickering or back-stabbing going on," Washington reporters, normally at least somewhat self-contained in deference to the presidential office, hooted with laughter.

Why is the Big Three system not working?

■ The troika system conjures a popular image of a President divorced from significant decisions, dominated by his senior staff, and insulated from popular developments.

■ It clogs the policymaking channels. Every high-priority

White House memo is routed to each of the Big Three, who, in turn, must act on it.

■ It encourages in-house cliques and leads to empire-building. Each of the triumvirate has his own loyal staff jockeying for jurisdictional turf.

■ It underscores divisions and disagreements within the White House because of personal and philosophical differences among the three senior aides. Ideologically, Meese is the hard-line conservative, Baker the moderate, and Deaver the swing man, whose primary concern is the happiness and well-being of Ronald and Nancy Reagan.

■ It carries the potential for political disaster. The inflated stature of presidential aides during the past several administrations and the centralization of authority within the White House tend to convince many aides that they are invulnerable to outside forces.

■ It inhibits the orderly formulation of policy. Under the initial setup, the chief White House foreign- and domestic-policy advisers reported to Reagan through Meese, who had neither the specialized staff nor the personal background to handle the kind of interagency issues that rise to the presidential level. With Meese's loss of influence, the principal policy advisers have lost direct access to the President.

It is uncertain where Meese will go from here. There are rumors that he will be appointed Secretary of Defense or Attorney General or be named to succeed CIA Director William J. Casey. Yet the New Right is anxious to keep Meese in the White House, where he is their main line to the President. It seems unlikely, however, that he will continue to play the role of a wandering troubadour reciting sonnets to the administration.

Recalling how Meese bested John Sears for the top spot in the Reagan campaign, a White House aide counseled: "Don't sell him short."

Nonetheless, Meese has discovered that Washington politics are no different from state politics. Hamilton Jordan made a similar discovery—but by then it was too late.

—DOM BONAFEDÉ